

**FINANCE COMMITTEE
SAN JACINTO COMMUNITY COLLEGE DISTRICT
May 21, 2019**

Members Present: Marie Flickinger, Keith Sinor, Dr. Ruede Wheeler, and Larry Wilson

Members Absent: None

Other Trustees Present: Dan Mims and John Moon, Jr.

Others Present: Brenda Hellyer, Teri Zamora, Sandra Ramirez, Linda Torres, and Mandi Reiland

- I. The meeting was called to order at 5:03 p.m. by Dr. Ruede Wheeler, Chair, Finance Committee.
- II. Roll call of the Committee members was taken:
 - Marie Flickinger, present (arrived after the meeting started)
 - Keith Sinor, present
 - Dr. Ruede Wheeler, present
 - Larry Wilson, present
- III. Approval of Minutes from the January 15, 2019, Finance Committee Meeting
 - R. Wheeler presented the minutes from the January 15, 2019, Finance Committee Meeting.
 - A motion was made by K. Sinor and seconded by D. Mims to accept the minutes as presented.
- IV. Review and Discuss Internal Audit Departmental Audit
 - L. Torres reviewed the executive summary of the Auto Collision Repair Departmental audit report, which included a comprehensive audit of the Auto Collision Repair Program, which is located at North Campus. The scope of the audit included a detailed evaluation of the operational efficiency internal controls, and compliance with internal and external regulations and policies surrounding the Auto Collision Repair function between September 1, 2017 and August 31, 2018. The following observations with their Correction Action Plans (CAP) were noted:
 - Numerous safety deficiencies were identified by Internal Audit at the commencement of audit work. Instead of waiting until the end of the audit to address the issues identified, a memo was immediately issued at that time.
 - Members present expressed concerns with the safety issues presented.
 - L. Torres explained that program representatives began making modifications immediately.
 - B. Hellyer added that faculty, staff, and department chair were new at the time. She explained that the Provost knows that this is a priority.

- The group discussed enrollment numbers of this program. Members present discussed the size of the program and the sustainability. B. Hellyer stated that Dr. Bill Raffetto is reviewing the sustainability of this program.
 - D. Mims recommended reaching out to area collision repair shops to determine needs in the industry.
 - B. Hellyer explained that she will have B. Raffetto and V. Wigginton review the opportunities of the program and discuss potential partnerships with the programs at Central.
 - L. Torres will complete follow-up on the internal audit of the program after corrective actions have been completed. A follow up report will be completed in September.
 - There are a lack of procedures or documentation surrounding the acquisition of project cars within the department.
 - CAP – The Business and Information Technology department chair will work with the College’s Manager/Contract Administrator in Contracts and Purchasing Services and the Auto Collision Repair Program’s full-time faculty member to develop written procedures.
 - There are currently no documented procedures surrounding the inventory of tools and supplies within the Auto Collision Repair program.
 - CAP – The Business and Information Technology department chair and the Auto Collision Repair Program’s full-time faculty member will (1) develop procedures for the administration of tools and supplies within the program, and (2) create a non-fixed asset and supplies inventory spreadsheet.
 - The Web-Time Entry Payroll System is not utilized efficiently and effectively within the department.
 - CAP – The Business and Information Technology department chair met with a non-exempt employee in Fall 2018 to discuss excessive number of manual adjustments.
 - Several Auto Collision Repair employees have not completed required internal training.
 - CAP – The Business and Information Technology department chair will assign the training. The estimated completion date is April 2019.
- V. Discuss Fiscal Year 2020 Budget Framework and Preliminary Budget Proposal.
- T. Zamora reviewed the Fiscal Year 2020 Budget Framework handout. The budget was developed with focus on the new strategic goals.
 - Revenue – Realities/Assumptions
 1. New Tuition Model that eliminates fees
 2. General growth of .5 percent, plus addition of five new cohorts under early college model
 3. Incorporate effective rate for M&O tax
 - 8.08 percent estimate of growth in tax base totaling \$4.5 billion
 - Growth from existing properties of \$2.6 billion
 - Growth from new properties \$1.9 billion
 4. State appropriation funding increases 8.3 percent
 5. Increased interest income on cash and investments

6. Increased Child Care Center fees and Facilities Rentals

- Total Unrestricted Revenue for FY 2020 estimated at \$178,605,000; an increase of \$7,776,250 from FY 2019.
- Ad Valorem Tax Rate – Estimated Maintenance and Operations Rate (M&O) of 0.121675, Debt Service Rate of 0.063219, and Total Ad Valorem Tax Rate of 0.184894. Actual rates may vary some when certified tax rolls are received. B. Hellyer added that when the Bond was passed we ensured tax payers that we would not increase more than three cents and we are well under that amount.
- Expense – Realities/Assumptions. The College will remain committed to the following:
 1. Annual salary increases
 2. Completion and Opening of new bond-financed projects
 3. Completion of Generation Park – Initial Building
 4. Meaningful strategic initiatives
 5. Operational and Compliance necessities
- T. Zamora reviewed the plan for approaching the future.
 1. Make decisions based on long term resiliency and effectiveness
 2. Answer the questions
 - Which decisions will yield the most effective benefits?
 - What strategic investments can we make to create sustainable long term returns for the institution?
 - Which operations can be accomplished more efficiently by a third party?
 3. Move forward implementing the updated Mission, Vision, Values and Underlying Assumptions and the new Strategic Plan
- Unrestricted Expenditures per Completer – A table was shared showing the number of associate’s degrees/certificates and the expenditure per total degrees and certificates awarded from FY 2013 to FY 2018.
- R. Wheeler asked how Generation Park will affect the expenditures per total degrees and certificates awarded. T. Zamora responded that we know in the first year we will not break even but as the campus enrollment grows, it will show in these numbers. There may be a lot of out of district tuition revenue. B. Hellyer explained a recent event at Generation Park that generated a lot of interest in the campus and interest in faculty positions.
- Priority Strategic Initiatives Funded or changes in FY 2020 Budget.
 1. Net decrease in Utility Costs
 2. Net decrease in Benefit costs
 3. Net Cost for Addition of 11 New Full Time Faculty Positions (after trading from other positions)
 4. Performance Based Salary Increase and Corresponding Benefits
 5. Faculty Compensation Adjustments
 6. Operating Costs of New Facilities
 7. New Position related to new Bond facilities and Generation Park Openings
 8. Increase in contract costs – IT, Facilities, Software, Accreditations
 9. Increase in insurance premiums – update to replacement costs model
 10. Student Services, Recruiting, Student Life

- 11. Instructional Items
- 12. Safety and Security
- 13. Marketing

- B. Hellyer provided overview of the issues regarding faculty salaries.
 - Faculty minimum starting salaries have not changed since 2012
 - Fewer well qualified applicants due to starting salary levels and reedit for prior experience (i.e. 6 years maximum and 15 years for some high demand areas)
 - Retention issues of faculty with less than 7 years of service due to salary levels
- S. Ramirez reviewed additional handouts that presented data on the 2018 TCCTA Ranges in the Houston subset, the current versus proposed faculty salary ranges, and the proposed 2019-2020 salary schedule of stipends and market premiums. The TCCTA ranges compare San Jacinto College with HCC and Lone Star broken down by range levels and degree level. This also shows the rank of these three colleges in the 50 community colleges in Texas.
- B. Hellyer reviewed the resolutions of the issues on faculty salaries and future direction.
 - Revision of FY 2020 faculty salary ranges to a more competitive beginning salary and increase prior experience credit (increase to 9 years and expand 15 years to cover all disciplines with market premiums)
 - Individual adjustments for faculty will focus on those with less than 7 years of college service
 - Annual adjustment to beginning faculty salary ranges going forward to maintain regional competitive position (anticipate COLA)
 - A higher starting salary combined with differentiated compensation due to Performance Management gives competitive edge
- T. Zamora reviewed the operating costs and new positions for new facilities.
 - Operating Costs - Utilities, Custodial, Grounds, Maintenance, Support, Fire Suppression
 - Central – Petrochem, Welcome Center
 - North – Cosmetology and Culinary
 - South – Cosmetology, Engineering and Tech Center, HVAC
 - New Positions
 - Generation Park – Executive Director, Director of Student Services, Director of Instructional Services
 - Groundskeeper
 - Network Administrator
 - Technical Support Analyst
 - CPET Lab Assistant (Part time)
 - Instruction Designer
 - Maritime/Fire Tech Equipment Operator
 - Student Services
 - Funds set aside to respond to outcomes of Achieving the Dream study and internal student continuum project
 - Software additions

- Staff – Student communications Coordinator, part-time funds
- Cost increases – graduation, ongoing contracts
- Marketing
 - Ongoing Advertising in Houston Chronicle
 - Increase in other print advertising
 - Increased Digital Marketing presence
- T. Zamora reviewed the proposed auxiliary budget. She reviewed each line item of revenues and expenses. She noted that the sports line item is estimated and is still being finalized. Members present discussed the expenses of the sports programs.
- T. Zamora presented the proposed restricted budget. She reviewed each line item of revenues and expenses.
- The committee members did not have concerns about the budget assumptions.
- B. Hellyer informed the committee that this presentation is close to the budget that will be presented as an action item on the June 3, 2019, Board of Trustees Meeting agenda. She explained that this budget aligns with the strategic goals and the proposed annual priorities.

VI. The meeting Adjourned at 6:24 p.m.